

# Senate File 566 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 98)  
(SUCCESSOR TO SSB 1082)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to historic preservation and cultural and  
2 entertainment district tax credits, making appropriations, and  
3 providing applicability date provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5 TLSB 1209SZ 82

6 tm/gg/14

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1 1 Section 1. Section 404A.1, subsection 1, Code 2007, is  
1 2 amended to read as follows:

1 3 1. A historic preservation and cultural and entertainment  
1 4 district tax credit, subject to the availability of the  
1 5 credit, is granted against the tax imposed under chapter 422,  
1 6 division II, III, or V, or chapter 432, for the rehabilitation  
1 7 of eligible property located in this state as provided in this  
1 8 chapter. Tax credits in excess of tax liabilities shall be  
1 9 refunded or credited as provided in section 404A.4, subsection  
1 10 3.

1 11 Sec. 2. Section 404A.4, subsection 3, Code 2007, is  
1 12 amended to read as follows:

1 13 3. A person receiving a historic preservation and cultural  
1 14 and entertainment district tax credit under this chapter which  
1 15 is in excess of the person's tax liability for the tax year is  
1 16 entitled to a refund of the ~~excess at a discounted value. The~~  
~~discounted value of the tax credit refund, as calculated by~~  
~~the department of economic development, in consultation with~~  
~~the department of revenue, shall be determined based on the~~  
~~discounted value of the tax credit five years after the tax~~  
~~year of the project completion at an interest rate equivalent~~  
~~to the prime rate plus two percent. The refunded tax credit~~  
~~shall not exceed seventy-five percent of the allowable tax~~  
~~credit. Any credit in excess of the tax liability shall be~~  
~~refunded with interest computed under section 422.25. In lieu~~  
~~of claiming a refund, a taxpayer may elect to have the~~  
~~overpayment shown on the taxpayer's final, completed return~~  
~~credited to the tax liability for the following year.~~

1 29 Sec. 3. Section 404A.4, subsection 4, Code 2007, is  
1 30 amended to read as follows:

1 31 4. The total amount of tax credits that may be approved  
1 32 for a fiscal year under this chapter shall not exceed ~~two ten~~  
1 33 million ~~four hundred thousand~~ dollars in the fiscal year  
1 34 beginning July 1, 2007, fifteen million dollars in the fiscal  
1 35 year beginning July 1, 2008, and twenty million dollars in the  
2 1 fiscal year beginning July 1, 2009, and each fiscal year  
2 2 thereafter, less any amount appropriated pursuant to section  
2 3 404A.6. For the fiscal period beginning July 1, 2005, and  
2 4 ending June 30, 2015, an additional four million dollars of  
2 5 tax credits may be approved each fiscal year for purposes of  
2 6 projects located in cultural and entertainment districts  
2 7 certified pursuant to section 303.3B. Of the tax credits  
2 8 approved for a fiscal year under this chapter, ten percent of  
2 9 the dollar amount of tax credits shall be allocated for  
2 10 purposes of new projects with qualified costs of five hundred  
2 11 thousand dollars or less, and forty percent of the dollar  
2 12 amount of tax credits shall be allocated for purposes of new  
2 13 projects located in cultural and entertainment districts  
2 14 certified pursuant to section 303.3B or identified in Iowa  
2 15 great places agreements developed pursuant to section 303.3C.  
2 16 Any of the ~~additional~~ tax credits allocated for projects

2 17 located in certified cultural and entertainment districts or  
2 18 identified in Iowa great places agreements and for projects  
2 19 with a cost of five hundred thousand dollars or less that are  
2 20 not ~~approved~~ reserved during a fiscal year shall be applied to  
2 21 reserved tax credits issued in accordance with section 404A.3  
2 22 in order of original reservation. The department of cultural  
2 23 affairs shall establish by rule the procedures for the  
2 24 application, review, selection, and awarding of certifications  
2 25 of completion. The departments of ~~economic development,~~  
2 26 cultural affairs, and revenue shall each adopt rules to  
2 27 jointly administer this subsection and shall provide by rule  
2 28 for the method to be used to determine for which fiscal year  
2 29 the tax credits are available. With the exception of tax  
2 30 credits issued pursuant to contracts entered into prior to  
2 31 July 1, ~~2005~~ 2007, tax credits shall not be reserved for more  
2 32 than ~~five~~ three years.

2 33 Sec. 4. NEW SECTION. 404A.6 APPROPRIATION ==  
2 34 ADMINISTRATIVE COSTS.

2 35 For the fiscal year beginning July 1, 2007, and each fiscal  
3 1 year thereafter, there is appropriated from the general fund  
3 2 of the state to the department of cultural affairs one hundred  
3 3 fifty thousand dollars, or so much thereof as is necessary,  
3 4 for purposes of costs associated with administering this  
3 5 chapter.

3 6 Sec. 5. Section 422.11D, subsection 1, Code 2007, is  
3 7 amended to read as follows:

3 8 1. The taxes imposed under this division, less the credits  
3 9 allowed under sections 422.12 and 422.12B, shall be reduced by  
3 10 a historic preservation and cultural and entertainment  
3 11 district tax credit equal to the amount as computed under  
3 12 chapter 404A for rehabilitating eligible property. Any credit  
3 13 in excess of the tax liability shall be refunded or credited  
3 14 to the following year, as provided in section 404A.4,  
3 15 subsection 3.

3 16 Sec. 6. Section 422.33, subsection 10, paragraph a, Code  
3 17 2007, is amended to read as follows:

3 18 a. The taxes imposed under this division shall be reduced  
3 19 by a historic preservation and cultural and entertainment  
3 20 district tax credit equal to the amount as computed under  
3 21 chapter 404A for rehabilitating eligible property. Any credit  
3 22 in excess of the tax liability shall be refunded or credited  
3 23 to the following year, as provided in section 404A.4,  
3 24 subsection 3.

3 25 Sec. 7. Section 422.60, subsection 4, paragraph a, Code  
3 26 2007, is amended to read as follows:

3 27 a. The taxes imposed under this division shall be reduced  
3 28 by a historic preservation and cultural and entertainment  
3 29 district tax credit equal to the amount as computed under  
3 30 chapter 404A for rehabilitating eligible property. Any credit  
3 31 in excess of the tax liability shall be refunded or credited  
3 32 to the following year, as provided in section 404A.4,  
3 33 subsection 3.

3 34 Sec. 8. Section 432.12A, subsection 1, Code 2007, is  
3 35 amended to read as follows:

4 1 1. The tax imposed under this chapter shall be reduced by  
4 2 a historic preservation and cultural and entertainment  
4 3 district tax credit equal to the amount as computed under  
4 4 chapter 404A for rehabilitating eligible property. Any credit  
4 5 in excess of the tax liability shall be refunded or credited  
4 6 to the following year, as provided in section 404A.4,  
4 7 subsection 3.

4 8 Sec. 9. TAX CREDIT CERTIFICATES == RESERVATION DATES.

4 9 1. The department of cultural affairs shall reissue  
4 10 historic preservation and cultural and entertainment district  
4 11 tax credit certificates held by the original tax credit  
4 12 certificate recipient. Tax credit certificates with a  
4 13 redemption date in the year 2010 shall be reissued with a  
4 14 redemption date of 2009. Tax credit certificates with a  
4 15 redemption date in the year 2011 shall be reissued with a  
4 16 redemption date of 2010. Tax credit certificates with a  
4 17 redemption date in the years 2012, 2013, 2014, 2015, 2016, or  
4 18 2017 shall be issued with a redemption date of 2011. Tax  
4 19 credit certificates that have been sold since issuance shall  
4 20 not be reissued pursuant to this subsection.

4 21 2. In the order of original reservation dates, the  
4 22 department of cultural affairs shall modify the reservation  
4 23 date of reserved historic preservation and cultural and  
4 24 entertainment district tax credits based on the availability  
4 25 of additional moneys for tax credits under this bill.

4 26 Sec. 10. APPLICABILITY. This Act applies to historic  
4 27 preservation and cultural and entertainment district tax

4 28 credits applied for or reserved prior to July 1, 2007.

4 29 EXPLANATION

4 30 This bill relates to historic preservation and cultural and  
4 31 entertainment district tax credits.

4 32 Currently, a person receiving a historic preservation and  
4 33 cultural and entertainment district tax credit may receive a  
4 34 tax credit refund at a discounted value for the amount in  
4 35 excess of the taxpayer's tax liability in the year that the  
5 1 tax credit is claimed.

5 2 The bill eliminates the discounting of the value of a  
5 3 refund and allows the entire value of the tax credit to be  
5 4 refunded. In addition, the bill allows a taxpayer, in lieu of  
5 5 claiming a refund, to elect to have the overpayment shown on  
5 6 the person's final, completed return credited to the tax  
5 7 liability for the following year. The bill makes conforming  
5 8 amendments.

5 9 Currently, the total amount of historic preservation and  
5 10 cultural and entertainment district tax credits that may be  
5 11 approved for a fiscal year shall not exceed \$2.4 million. For  
5 12 the fiscal period beginning July 1, 2005, and ending June 30,  
5 13 2015, an additional \$4 million of tax credits may be approved  
5 14 each fiscal year for purposes of projects located in certified  
5 15 cultural and entertainment districts.

5 16 The bill increases the amount of tax credits that may be  
5 17 approved each fiscal year to \$10 million for FY 2007=2008, \$15  
5 18 million for FY 2008=2009, and \$20 million for FY 2009=2010 and  
5 19 each fiscal year thereafter less the amount appropriated for  
5 20 administrative costs. The bill provides that 10 percent of  
5 21 the dollar amount of tax credits shall be allocated for  
5 22 purposes of new projects with qualified costs of \$500,000 or  
5 23 less, and 40 percent of the dollar amount of tax credits shall  
5 24 be allocated for purposes of new projects located in certified  
5 25 cultural and entertainment districts or identified in Iowa  
5 26 great places agreements. The bill provides that any of the  
5 27 tax credits allocated for projects located in certified  
5 28 cultural and entertainment districts or identified in Iowa  
5 29 great places agreements and for projects with a cost of  
5 30 \$500,000 or less that are not reserved during a fiscal year  
5 31 shall be applied to reserved tax credits in order of original  
5 32 reservation.

5 33 Currently, with the exception of tax credits issued  
5 34 pursuant to contracts entered into prior to July 1, 2005, tax  
5 35 credits shall not be reserved for more than five years. The  
6 1 bill provides that with the exception of tax credits issued  
6 2 pursuant to contracts entered into prior to July 1, 2007, tax  
6 3 credits shall not be reserved for more than three years.

6 4 The bill appropriates \$150,000 each fiscal year for the  
6 5 fiscal year beginning July 1, 2007, and each fiscal year  
6 6 thereafter, from the general fund of the state to the  
6 7 department of cultural affairs for purposes of costs  
6 8 associated with administering Code chapter 404A.

6 9 The bill provides a procedure for the department to reissue  
6 10 the tax credit certificates held by the original tax credit  
6 11 certificate recipient. The bill provides that, in the order  
6 12 of original reservation dates, the department shall modify the  
6 13 reservation date of the tax credits based on the availability  
6 14 of additional moneys for tax credits under the bill.

6 15 The bill applies to historic preservation and cultural and  
6 16 entertainment district tax credits applied for or reserved  
6 17 prior to July 1, 2007.

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